

REMARKS

Claims 1-2 and 4-38 are now pending in this application. Claims 1, 4-5, 10-12, and 38 have been amended; claim 3 has been canceled.

Applicants thank the Examiner for the courteous and informative Interview of March 22, 2006. The following remarks are in response to the Office Action mailed December 20, 2005, and the discussion at the Interview.

Claims 1-24 and 31-38 stand rejected under 35 U.S.C. § 102(e) as anticipated by U.S. Pat. App. Pub. No. US2003/0004859, to Shaw. This rejection is respectfully traversed.

Remarks made in Applicants' responses filed April 27, 2005, and September 23, 2005, are incorporated herein by reference and reiterated. Claim 1 has been amended to more clearly emphasize differences with the teachings of Shaw. In particular, claim 1 now very explicitly states that no information regarding, and in particular no confidential trading information received from, said second market participant is transferred to said first market participant.

It is well worth stressing the importance of this distinction. As explained in the detailed description, information about one market participant's trading intentions can adversely affect other participants' perception of what constitutes a fair price for a large trade. As a result, most participants in the financial markets keep their intentions very confidential and thereby often forfeit the opportunity of large trades, opting instead for moving positions one small piece at a time.

For example, if a large pension fund manager decides to sell their holdings in a particular stock, the number of shares involved can be so large that prices could be expected to fall considerably as the position is reduced over the course of several weeks. Mutual funds are required to report their holdings on a quarterly basis, but what they are doing on a day to day basis is kept in strict confidentiality. Yet this very information is what could potentially be used to facilitate a trade with another mutual fund, perhaps faced with the opposite problem of having to purchase a large amount of stock.

The purpose of the subject invention is to make it possible for a first participant to confidentially disclose his or her trading interest information to a subject system, knowing that said system will under no circumstances forward the information to any other trader. An example of such confidential information is real-time data flowing through clearing and settlement systems, as disclosed in the subject invention. The information that flows through IT

systems in the clearing and settlement systems carries the real time trading positions of all participants; consequently, no market participant would reasonably agree to let this information be disclosed to others. Instead, the only effect of providing confidential information to the subject system is to attract firm orders from second participants. The second participant placing a firm order does not receive any information back from the system, but simply has the order routed to the most likely counterparty.

This stands in contrast with Shaw, where information about a possible match is sent to both the buyer and the seller: in Shaw, the buyer learns that there is an interested seller and vice versa, before a trade has been locked-in.

Also, Shaw does not teach linking with an order execution system – Shaw only discusses indications of interest – so Shaw cannot teach the claim 1 limitation of routing a firm order to a second market participant.

In light of the above, it should be clear that claim 1 and dependent claims 2 and 4-24 are patentable over Shaw. Moreover, most of the additional limitations of dependent claims 2-24 are not taught by Shaw. For example, Shaw makes no mention of netting out middlemen, no mention of calculating total number of shares bought or sold by a buy-side party for which a trade was executed through one or more intermediaries, and no mention of calculating a probability of execution. The word “probability” occurs only once in Shaw, at par. 0010, and it is not used in the context of determining a likelihood of execution.

Applicants therefore again respectfully request the Patent Office to reconsider and withdraw the pending rejections of claims 1-2 and 4-24.

Claims 25-30 stand rejected under 35 U.S.C. § 103 as unpatentable over Shaw in view of Lupien. This rejection was traversed in the previous responses, and the remarks made to support that traversal are incorporated by reference herein to maintain that traversal.

Lupien teaches nothing about calculating probabilities or of ranking market participants on a dissemination list in order of likelihood of taking a contra side of an order. Columns 3 and 4 of Lupien merely describe a three-dimensional matrix whose coefficients are (price, size, satisfaction density profile). The satisfaction density profile values are input by a user

("trader")¹ – not calculated by the system,² and in particular not based on any sort of probability calculated by the system. Consequently, the Office Action is incorrect in its characterizations of both Lupien and Shaw, and the rejection of claims 25-30, since it is based on those mischaracterizations, should be withdrawn.

All claim rejections are believed to have been overcome by this Response. All pending claims are therefore believed to be allowable, and a prompt Notice of Allowance would be appreciated.

No fee is believed due with this Response, other than the extension fee authorized above. However, please charge any required fee to Deposit Account No. 50-0310.

Respectfully submitted,



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¹ See. e.g., Lupien, col. 3, line 65 through col. 4, line 14.

² The system does calculate cross products and performs other calculations based on the matrix values provided by traders, but such calculations generally are simple additions and multiplications involving the matrix values – no probabilities are involved.